

**RFP Implementation Team (RIT) Meeting
Joint Forces Headquarters
Armory Complex
6100 NW 78th Ave., Johnston, IA**

December 12, 2011

To ensure the most efficient use of State resources, the December 12, 2011, RIT meeting will be held via a video conference pursuant to Iowa Code section 21.8. Members of the public and interested person are invited to attend the Commission's meeting via video conference. A video conference also ensures more attendees will be able to participate in the meeting and reduces the risk of delays caused by weather or other impediments to travel. The meeting was also accessible to members of the public through attendance at the Grimes State Office Building.

RIT Members Present:

Gretchen Bartelson, Iowa Community Colleges
Meghan Gavin, Office of the Attorney General
Mark Headlee, Judicial Branch
Sergeant Tom Lampe, Iowa Department of Public Safety
Dave Lingren, Iowa Telecommunications and Technology Commission (ITTC)
Andy Nielsen, Office of the Auditor of State
Representative Walt Rogers, Iowa Republican House
Todd Schulz, Governor's Office/Iowa Department of Management
Art Spies, Iowa Hospital Association
Representative John Wittneben, Iowa Democrat House

RIT Members Absent:

Senator Mark Chelgren, Senate
Senator Matt McCoy, Senate

Fiberutilities Group Staff Present:

Dave Lunemann, Fiberutilities Group
Jerry Romine, Fiberutilities Group
Rob Smith, Fiberutilities Group

Iowa Communications Network Staff Present:

Mark Johnson, Administration Director
Joseph Cassis, Chief Communications Officer
David Marley, Network Operations and Engineering Manager
Tami Fujinaka, Government Relations Officer
Lori Larsen, Public Relations Officer
Alexis Slade, Executive Secretary (Recorder)
Jontell Harris, Executive Liaison
Vicki Wallis, Engineering
Chris Hannan, Intern

Guests:

Curtis Dean, Iowa Association of Municipal Utilities
Fred Eastman, Mercy Health Network
Dwayne Ferguson, Legislative Services Agency (LSA)
Tom Graves, Iowa Cable
Angi Hillers, Iowa Department of Education
Joe Hrdlicka, Iowa Telecommunications Association
Anna Hyatt-Crozier, House Democrat Staff
Wayne Johnson, Century Link
Mike Struck, MDS-Link (Managed Data Services –Link)
Ross Trimble, Senate Republican Caucus

Recap

Notes

A hard copy of the December 5, 2011, RIT meeting notes were distributed to members in attendance and the electronic copy will be posted to the ICN website after the completion of the December 12, 2011, meeting.

Assumption #35: The ICN, as a State of Iowa agency, pays no property or income tax as a part of the operation of the network. It is assumed that a buyer of the network would pay both property and income taxes as defined in municipal, county, state, or federal code. A lessee would not be responsible for property taxes as the State of Iowa would maintain ownership. The lessee would, however, be responsible for all appropriate income taxes form revenues earned.

Summary: Anyone who purchases or leases the ICN will be subject to appropriate state and sale taxes.

Statement of Preference:

Dave Lingren – Agree

Meghan Gavin – No opinion

Art Spies – Agree, with the addition of adding a statement pertaining to sales tax payments required for a purchaser or lessee

Gwen Nagel – Agree, with the addition of adding a statement pertaining to sales tax payments required for a purchaser or lessee

Andy Nielsen – Agree

Representative John Wittneben – Agree, with the addition of adding a statement pertaining to sales tax payments required for a purchaser or lessee

Todd Schultz – Agree

Sergeant Tom Lampe – Agree

Representative Walt Rogers – Agree

Mark Headlee – Agree

Gretchen Bartelson – Agree

Assumption #36: In the event of a sale or lease of the network, costs for Internet services to PK-12 will be protected on a long-term basis. The need for bandwidth by school districts and non-public schools will increase rapidly with the increase in innovation throughout the state, including online learning and the 1 to 1 school initiatives.

Summary: Educational facilities are concerned with rates increasing at a rapid rate after the buyer or lessee reaches the allotted time required to maintain low rates. RIT representatives would like the term “long-term basis” to be clarified.

Statement of Preference:

Dave Lingren – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Meghan Gavin – No opinion

Art Spies – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Gwen Nagel – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Andy Nielsen – No opinion

Representative John Wittneben Disagree, in favor of language modification in reference to the definition of “long-term basis”

Todd Schultz – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Sergeant Tom Lampe – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Representative Walt Rogers – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Mark Headlee – Disagree, in favor of language modification in reference to the definition of “long-term basis”

Gretchen Bartelson – Disagree, in favor of language modification

Assumption #37: If the United States Department of Defense requires that the ICN hub be moved from Joint Forces Headquarters (JFHQ) facility, the expense of this relocation is to be incurred by the buyer/lessee.

Summary: The hub cannot be moved at a small cost. The purpose of this assumption is to ensure the State’s protection and to ensure that the State will not be responsible for having to move the hub, if required. Instead it will be the purchaser or lessee’s responsibility to work with the United States Department of Defense.

Statement of Preference:

Dave Lingren – Agree

Meghan Gavin – No opinion

Art Spies – Agree

Gwen Nagel – Agree

Andy Nielsen – Agree

Representative John Wittneben – Agree

Todd Schultz – Agree

Sergeant Tom Lampe – Agree

Representative Walt Rogers – Agree

Mark Headlee – Agree

Gretchen Bartelson – Agree

Assumption #38: The ICN currently utilizes and has access to non-tangible assets like the State of Iowa, Department of Administrative Services’ I/3 billing and procurement system. It is assumed that if the operation of the ICN is by a non-State of Iowa entity and they are not allowed to utilize and access these systems, the replication of the functions these systems provide will be at the buyer/lessee’s expense.

Summary: I/3 is a system used amongst the State Government. The ITTC cannot assume if the State would allow a non-State entity to have access to the I/3 system. The State is progressing toward paperless billing. Many transactions between the ICN and other State agencies occur through the I/3 billing system. The purpose of this assumption is to clarify that if a buyer or lessee of the network does not have access to the I/3 system, they’re responsible for the expense of creating a program or application that would provide the same functionality to the state government and state agencies.

Statement of Preference:

Dave Lingren – Agree

Meghan Gavin – No opinion

Art Spies – Agree

Gwen Nagel – Agree

Andy Nielsen – Agree

Representative John Wittneben – Agree

Todd Schultz – Agree

Sergeant Tom Lampe – Agree

Representative Walt Rogers – Agree

Mark Headlee – Agree

Gretchen Bartelson – Agree

Assumption #39: Any buyer/lessee of the ICN must be approved by the National Telecommunications and Information Administration to assume the responsibilities related to the American Recovery and Reinvestment Act's (ARRA) Broadband Technology Opportunities Program (BTOP) grant.

Summary: Due to the invested interest the federal government has in the ICN, the federal government reserves the right to approve or disapprove a potential buyer/lessee of the ICN network.

Statement of Preference:

Dave Lingren – Agree

Meghan Gavin – No opinion

Art Spies – Agree

Gwen Nagel – Agree

Andy Nielsen – Agree, with addition to cover all other like agreements

Representative John Wittneben – Agree

Todd Schultz – Agree

Sergeant Tom Lampe – Agree

Representative Walt Rogers – Agree

Mark Headlee – Agree

Gretchen Bartelson – Agree

Assumption #40: Currently, the Department of Education receives \$2.72 million in annual appropriation from the legislature to assist in the reduction of the cost for K-12 schools to purchase services delivered across Part III facilities from local telephone companies. The ICN manages the delivery of these services and provides “pass through” billing on behalf of the schools. It is assumed that the legislature would continue this appropriation in order to allow the buyer/lessee to meet the requirement of providing services at a lower cost than the ICN does today without raising the amount the individual schools would have to pay.

Summary: The Department of Education (DoE) would like the legislature to continue providing the \$2.72 million in appropriations to the buyer or lessee of the ICN, so schools may continue to receive lower rates on services. This funding ensures DoE's eligibility for the Universal Service Fund. An investment must be made by the State to receive reimbursements on behalf of Iowa schools and libraries, regardless if the ICN exists or if the Network is purchased or leased. However, the ITTC cannot assume (by including this in the RFP) what the legislature will approve in regards to providing funds to a purchaser/lessee.

Statement of Preference:

Dave Lingren – Disagree

Meghan Gavin – No opinion

Art Spies – Disagree

Gwen Nagel – Disagree

Andy Nielsen – No opinion

Representative John Wittneben – Disagree

Todd Schultz – Disagree

Sergeant Tom Lampe – Disagree

Representative Walt Rogers – Disagree

Mark Headlee – No opinion

Gretchen Bartelson – No opinion

Assumption #41: In regards to Interoperability and the Statewide Interoperability Board, the ICN network (a critical piece of Interoperability) must be available to the Iowa Statewide Interoperability

Communications System Board. The private, secure, and dedicated bandwidth of the ICN must remain in order for the network to provide primary and backup connectivity for the Statewide Interoperability as needed and determined by the Board.

Summary: The Iowa Statewide Interoperability Communications System Board is responsible for creating interoperability in Iowa for broadband and voice services for public safety entities. To formulate interoperability and to make the State of Iowa interoperable with law enforcement, additional sites must be established. The Department of Public Safety wants to ensure that the fiber/Network remains attractive to creating those sites.

Statement of Preference:

Dave Lingren – Agree

Meghan Gavin – No opinion

Art Spies – Agree

Gwen Nagel – Agree

Andy Nielsen – No opinion

Representative John Wittneben – Agree, with definition of the amount of bandwidth necessary

Todd Schultz – No opinion, would need to do more research on the necessary bandwidth

Sergeant Tom Lampe – Agree

Representative Walt Rogers – Agree, with definition of the amount of bandwidth necessary

Mark Headlee – Agree

Gretchen Bartelson – No opinion

Open Discussion:

Discussion #1:

Comment: I want to go back to assumption #24. There was an adjective in there that says a buyer will incur all operational expenses related to new and “added” network components. Can I get a little more clarification there?

Response: The reason for the word “added” is to express that when the buyer purchases the asset, if they continue to do new things with that asset, any operational costs associated will be their responsibility and not the State of Iowa. There should be no ties whatsoever for them to come back and request money from the State of Iowa to do additional work to the network. A lessee is also included in this because the State may not agree to reimburse them for any improvements or additions made.

Discussion #2:

Comment: Assumption #29 said “subject to be modified”. Is this because there may be other federal programs that will have certain requirements for the ICN, so an inventory of all those programs will be done?

Response: Part of the RFP will be to identify; who those entities are and what the rules are so that can be identified to a buyer or lessee as well as to the State of Iowa.

Discussion #3:

Comment: I want to clarify assumption #32. Does the assumption mean that if the ICN is sold, there’s no legislation that has to be done to open up the network?

Response: The Attorney General’s Office gave us some guidelines that assumption #13, the way it was written, was not a legally correct. Assumption #32 and #33 were written to split that up. If the network is sold, the buyer would not be subject to Chapter 8D, because it would no longer apply to them for they are not a State entity.

Discussion #4:

Comment #1: These RIT meetings were a valuable asset and very informative. The meetings brought to light how difficult a process creating an RFP will be and the difficulties that will arise from the sale/ lease of the ICN.

Comment #2: How much will this RFP process cost the ICN?

Response #2: ICN has a contract with Fiberutilities Group for \$800,000, and ICN expects to spend close to \$1 million by the end of the RFP process.

Questions:

Question #1: Does the RIT want to meet again formally to go over more assumptions?

Response #1: No.

Note: The remaining RIT meetings that are on the schedule will be suspended.

Public Comments and Questions:

Question #1: On assumption #37, is there any effort to move that away from a general statement and write something more definitive?

Response #1: It has been discussed whether the ITTC should approach the Department of Defense (DOD) to get an answer or should it be built into the RFP and left up to the buyer/lessee to get an answer. If the ITTC approaches the DOD, they may say it depends on who buys/leases the ICN, so a definitive answer may not be received. If it is left up to the potential buyer/lessee, DOD could determine if that specific entity would be granted access to their facilities.

Question #2: Under the current agreement today, schools can opt out of purchasing ICN services if a provider comes up with a lower cost for services. With a lease, will the obligation to purchase ICN services be retained?

Response #2: Today state agencies are not required by any executive order to use the ICN, but to make a lease work, that may need to be clarified. Otherwise, a possible lessee may be submitting an offer without being able to count on their revenue stream, which would be difficult. The amount of revenue ICN receives for data services is pretty significant, so with an executive order not being guaranteed is a risk that could be problematic for somebody leasing the ICN.

Adjournment